

BATS CHI-X EUROPE ANNOUNCES LAUNCH OF A PERIODIC AUCTIONS BOOK

New order book scheduled to go live on Monday, 19th October 2015

London – 7 September 2015 - BATS Chi-X Europe (BATS), Europe’s largest stock exchange, has announced the creation of a new order book that will allow market participants to access auction functionality throughout the trading day, in a bid to encourage trading in larger size.

Modern European market structure, which relies on competing venues and highly-automated systems, has materially improved market efficiency and made trading vastly more cost-effective. This has in turn led to deeper liquidity and tighter bid-offer spreads, benefitting market participants and investors of every type. A by-product of this progress is smaller average trade sizes.

BATS’ aim is to prioritise those participants willing to post larger orders by creating successive auction events throughout the course of the trading day on the new Periodic Auctions Book, allocating trades in order of price and size. More than 4,000 European stocks will be available to trade, with the frequency of auction phases determined by the liquidity characteristics of an individual stock.

To ensure orderly markets and provide certainty around the execution price range, every auction event will have a random end, and matches will only be allowed within a European Best Bid and Offer (EBBO) price range, guaranteeing investors matches at the prevailing best price available across the pan-European equities market.

The exchange will continue to operate its highly successful existing order books – CXE and BXE – which will not interact with, or be interrupted by, the Periodic Auctions Book. Taken together CXE and BXE form the largest liquidity pool for pan-European continuous equities trading, with market share of 25.0% in August 2015.

Mark Hemsley, CEO of BATS Chi-X Europe said: “Throughout our history, we’ve maintained that the role of a market operator is not to determine how participants should trade, but rather provide efficient, robust and fair infrastructures that allow the market the flexibility to transact as it sees fit.”

He added: “While the bulk of our efforts to date have prioritised improving the efficiency of the marketplace for those wishing to trade continuously, the Periodic Auctions Book responds to the specific needs of participants to trade regularly in size. It recognises the usefulness of auction functionality to those investors, and reimagines the orthodox market model accordingly to provide an entirely new venue that’s available throughout the trading day. In that respect, its launch represents a new frontier in European order book trading.”

David Howson, COO of BATS Chi-X Europe, said: “We made a very purposeful decision to split our auctions capacity from our continuous trading books. It seems entirely counterintuitive to us to interrupt the continuous trading with a scheduled auction.”

“With the launch of the Periodic Auctions Book, functionality that prioritises size over speed will be available to use if the market requires it. Through the EBBO price collar, trades will be protected against disorderly markets, while the price formation process and continuous trading day will remain intact.”

The Periodic Auctions Book will follow the same hours as BATS existing order books CXE and BXE, opening at 8 a.m. and closing at 4.30 p.m. The clearing and settlement of auction trades will follow participants’ existing arrangements.

As with all trading services offered by BATS, and in line with the exchange’s regulatory obligations as a Recognised Investment Exchange (RIE / Regulated Market), any registered trading participant will be able to send orders to the new order book subject to appropriate testing and certification.

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About BATS Chi-X Europe

BATS Chi-X Europe is Europe’s largest equities exchange and offers trading in more than 4,000 securities across 15 major European markets, over one platform and under one rule book. In addition, BATS’ leading trade reporting service, BXTR, now reports the majority of OTC equity market trading executed in Europe. Based in London, BATS Chi-X Europe is regulated by the UK Financial Conduct Authority.

BATS Chi-X Europe is the brand name of BATS Trading Limited, a subsidiary of BATS Global Markets Inc., a leading global securities market operator in the US and Europe. Further information can be found at www.batstrading.co.uk or for regular updates, on Twitter at [@BATSGlobal](https://twitter.com/BATSGlobal).

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